



STATE OF WISCONSIN

Private Employer Health Care Coverage Board

Eric O. Stanchfield

Secretary

801 West Badger Road

P.O. Box 7931

Madison, WI 53707-7931

December 27, 2001

Honorable Scott McCallum
Governor
115 East, State Capitol
Madison, WI 53702

Honorable Fred Risser
President of the Senate
220 South, State Capitol
Madison, WI 53702

Honorable Scott Jensen
Speaker of the Assembly
211 West, State Capitol
Madison, WI 53702

Dear Governor McCallum, President Risser and Speaker Jensen:

The Private Employer Health Care Coverage Board (Board) is required by statute to submit an annual report to the Governor and appropriate standing committees of the Legislature. Attached is the second annual report covering the period from January of 2001 through December of 2001.

Significant progress was accomplished this past year in addressing some of the barriers to full implementation of this program. **Unfortunately, two key issues remain: adequate start-up funding, and significant market reform or some alternative means of protecting the program from adverse selection.** Funding was provided to cover staff costs of the Office of the Private Employer Health Care Coverage Program (PEHCCP) through the end of fiscal year 2002, but funds for contractual actuarial, legal and marketing start-up costs were not provided.

We remain hopeful that the Legislature will find a way to address the concerns about adverse selection against this program and then provide adequate start-up funding. Staff of the PEHCCP office have continued to work with interested legislators on that goal. However, **unless some meaningful progress towards those goals occurs within the next month, the Department will need to begin implementing plans for lay-off or transfer of PEHCCP office staff, concurrent with the end of the funding at the close of this fiscal year.** Further, we do not recommend additional funding for continuation of these staff positions beyond this time unless legislation addressing the above issues has been passed.

Thank you for the opportunity to present this annual report on behalf of the Board. If you need further information, please feel free to contact me.

Sincerely,

Tim Size
Chair
Private Employer Health Care Coverage Board
(608) 653-2343

cc: PEHCCP Board